

**STUDENT FINANCIAL AID GUIDELINES**

**HEALTH PROFESSIONS PROGRAMS**

**Scholarships for Disadvantaged Students  
(SDS)**

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Health Resources and Services Administration  
Bureau of Health Professions  
Division of Student Loans and Scholarships  
Campus Based Branch

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## **Chapter 1 INTRODUCTION**

The Congress created the Scholarships for Disadvantaged Students (SDS) Program under the Disadvantaged Minority Health Improvement Act of 1990 (Public Law (P.L) 101-527), which was enacted November 6, 1990 and appears in Section 760 of the Public Health Service Act. Section 101 (a) of P.L.105-392, the Health Professions Education Partnership Act of 1998, signed into law on November 13, 1998, inserts new SDS authority at Section 737 of the PHS Act. The purpose of the program is to provide financial assistance to disadvantaged health professions and nursing students.

*Institutions apply for SDS funds from the Department of Health and Human Services and are responsible for both selecting eligible recipients and determining their financial need. At least sixteen percent of total allocations go to schools that will direct SDS awards to nursing students.*

SDS funds awarded to schools must be used to award full or partial scholarships to eligible students enrolled full-time for tuition expenses, other reasonable educational expenses, and reasonable living expenses.

A student must be a full-time and disadvantaged student to receive SDS funds. Only full-time students are eligible. The full-time status depends on each program or school's determination of "full-time," as set forth in written school policy documents.

The remainder of the narrative provides more details on eligibility and administrative requirements.

## **Chapter 2 INSTITUTIONAL PARTICIPATION IN THE PROGRAM**

### ***Section 1 ELIGIBILITY CRITERIA***

Institutions must meet certain criteria in order to be eligible to participate in the SDS program, which fall into the following categories:

- discipline and degree programs;
- location of the institution;
- accreditation;
- written agreement between the institution and the Secretary of Health and Human Services;
- non-discrimination requirements;
- drug-free workplace, schools and campuses requirements;
- non-delinquency of the institution on Federal debt;
- lobbying and disclosure of lobbying requirements;
- debarment and suspension provisions;

- additional institutional eligibility requirements; and
- special preferences for certain institutions.

### *DISCIPLINES AND DEGREE PROGRAMS*

Any public or other nonprofit institution that offers degrees to full-time students in disciplines as specified below may apply for SDS funds:

- doctor of allopathic medicine;
- doctor of osteopathic medicine;
- doctor of dentistry;
- doctor of veterinary medicine;
- doctor of optometry;
- doctor of podiatric medicine;
- doctor of chiropractic;
- bachelor or graduate degree in pharmacy;
- graduate degree in public health;
- bachelor or graduate degree in allied health (i.e., dental hygiene, medical laboratory technology, occupational therapy, physical therapy, and radiologic technology, speech pathology, audiology, registered dieticians);
- graduate degree in behavioral and mental health practice (to include clinical psychology, clinical social work, professional counseling, and marriage and family therapy);
- associate, baccalaureate and graduate degrees in physician assistants; and
- associate, diploma, baccalaureate or graduate degree in nursing.

At least sixteen percent of total allocations available are directed to schools that provide SDS awards to nursing students.

*[Section 737(d)(1)(A) of the Public Health Service Act]*

### *LOCATION OF THE INSTITUTION*

The health professions or nursing school must be located in a State, the District of Columbia, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa or the Trust Territory of the Pacific.

*[Section 799(9) of the Public Health Service Act]*

### *ACCREDITATION*

Health professions and nursing schools that are interested in participating in the SDS program must be accredited by an appropriate accrediting body that is recognized by the Secretary of Education. The approved accrediting bodies for health professions and nursing schools are as follows:

- allopathic medicine: Liaison Committee on Medical Education, the American Medical Association, and the Association of American Medical Colleges
- osteopathic medicine: American Osteopathic Association
- dentistry: Commission on Dental Accreditation
- veterinary medicine: American Veterinary Medical Association
- optometry: Council on Optometric Education of the American Optometric Association
- podiatric medicine: Council on Education of the American Podiatric Association
- chiropractic: Council on Chiropractic Education
- pharmacy: American Council on Pharmaceutical Education
- public health: Council on Education for Public Health
- allied health: American Medical Association Committee on Allied Health Education and Accreditation
- behavioral & mental health: as appropriate for the discipline
- physician assistants: Committee on Accreditation of Allied Health Education Programs
- nursing: National League for Nursing, or the regional higher education accrediting associations, Commission on Collegiate Nursing Education

*[Section 799 of the Public Health Service Act]*

***WRITTEN AGREEMENT***

Health professions and nursing schools must enter into an agreement with the Secretary of Health and Human Services as a criterion for obtaining SDS funds. The agreement is incorporated into the application for SDS funds.

***NON-DISCRIMINATION REQUIREMENTS***

Participating health professions and nursing institutions must adhere to statutes and regulations addressing non-discrimination. These include:

- Section 704 of the Public Health Service Act and its implementing regulations 45 CFR Part 83, which prohibit discrimination in the admissions process on the basis of sex;
- Title VI of the Civil Rights Act of 1964 and its implementing regulations 45 CFR Part 80, which prohibit discrimination in federally assisted programs on the basis of race, color or national origin;
- Title IX of the Education Amendments of 1972 and its implementing regulations 45 CFR Part 86, which prohibit discrimination in federally assisted education programs on the basis of sex;
- Section 504 of the Rehabilitation Act of 1973 and its implementing regulation, 45 CFR Part 84, which prohibit discrimination in federally assisted programs on the basis of handicap;
- Section 710 of the Public Health Service Act, which prohibits institutions from charging higher tuitions to students that benefit from Federal financial aid funds; and
- 45 CFR Part 91, which prohibits discrimination on the basis of age.

In addition, institutions may not discriminate on the basis of religion in the admissions process.

#### *DRUG-FREE WORKPLACE, SCHOOLS AND CAMPUSES*

Participating schools must comply with the requirements in 45 CFR Part 76, Subpart F. This section of the regulations stipulates that institutions must certify that they will provide and maintain a drug-free workplace.

The Drug-Free Schools and Communities Act Amendments of 1989 and its implementing regulations 34 CFR Part 86 apply to any public or private institution of higher education (including independent hospitals conducting training programs for health care personnel), State educational agency, or local educational agency. As a condition of funding from Federal financial assistance programs, the statute requires these entities to certify to the Secretary of Education that they have adopted and implemented a drug prevention program. These provisions also apply to subawardees of Federal funds whether or not the primary grantee is an institution of higher education, a State educational agency, or a local educational agency.

#### *NON-DELINQUENCY OF THE INSTITUTION ON FEDERAL DEBT*

Participating institutions must comply with non-delinquency on Federal debt requirements. Examples of Federal debt or possible sources include delinquent taxes, audit disallowances, FHA loans, and other unpaid administrative debts. Specific examples include:

- a scheduled payment on a direct loan that is more than 31 days past due;
- the unpaid disallowed amount in a "Notice of Grants Cost Disallowance" unless otherwise unresolved; and

- unpaid Social Security tax payment or other administrative payment owed to the Federal Government.

#### *LOBBYING AND DISCLOSURE OF LOBBYING*

Institutions must adhere to restrictions on lobbying and provide a disclosure statement about lobbying activities for each Federal award to the institution in excess of \$100,000. The Office of Management and Budget periodically publishes guidance in *Federal Register* that describes restrictions on lobbying.

#### *DEBARMENT AND SUSPENSION OF CAMPUSES*

According to regulations in 45 CFR Part 76, an institution must certify that neither it nor any of its principals are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal dependent or agency. Subawardees (e.g., other corporations, partnerships, or other legal entities) also must provide the same certification to the institution.

#### *ADDITIONAL INSTITUTIONAL ELIGIBILITY REQUIREMENTS*

In addition to the eligibility criteria cited above that the SDS program has in common with other programs,

To qualify for funding, the school must be doing the following:

- (1) carrying out a program for recruiting and retaining students from disadvantaged backgrounds, including racial ethnic minorities; and
- (2) carrying out a program for recruiting and retaining minority faculty.

The school must also agree to do the following additional activities by not later than 1 year after the date on which the first grant is made to the school under the SDS program:

- (1) Ensure that adequate instruction regarding minority health issues is provided for in the curricula of the school;
- (2) Enter into arrangements with 1 or more health clinics providing services to a significant number of individuals who are from disadvantaged backgrounds, including members of minority groups, for the purpose of providing students of the school with experience in providing clinical services to such individuals;
- (3) Enter into arrangements with 1 or more public or nonprofit private secondary educational institutions and undergraduate institutions of higher education, for the purpose of carrying out programs regarding: (a) The educational preparation of disadvantaged students, including minority students, to enter the health professions; and (b) the recruitment of disadvantaged students, including minority students into the health professions; and

(4) Establish a mentor program for assisting disadvantaged students, including minority students, regarding the completion of the educational requirements for degrees from the school.

Finally, the school must agree to continue carrying out all of the above activities throughout the period during which the school is receiving a grant under this program.

### ***Recruiting and Retaining Disadvantaged Students***

To qualify for participation in the SDS program, schools must carry out a program for recruiting and retaining students from disadvantaged background.

An individual from a disadvantaged background is defined as someone who:

- comes from an environment that has inhibited the individual from obtaining the knowledge, skill and abilities required to enroll in and graduate from a health professions or nursing school (Part 1);

Environmentally disadvantaged (Part 1):

The Department expects that eligible students who meet these criteria will

- (1) Have the abilities needed to succeed in a health career, but come from backgrounds and educational environments that have made it difficult for them to reach and fully demonstrate their academic potential; and
- (2) Are more likely than other students to provide care to underserved areas and populations following completion of their degree.

***Examples: (Please note: Schools are not limited to only these examples):***

- (1) The individual graduated from (or last attended) a high school with low SAT score based on most recent data available:
- (2) The individual graduated from (or last attended) a high school from which, based on most recent data available:
  - (a) low percentage of seniors receive a high school diploma; or
  - (b) low percentage of graduates go to college during the first year after graduation.
- (3) The individual graduated from (or last attended) a high school with low per capita funding.
- (4) The individual graduated from (or last attended) a high school at which, based on most recent data available, many of the enrolled students are eligible for free or reduced price lunches.
- (5) The individual comes from a family that receives public assistance (e.g., Aid to Families with Dependent Children, food stamps, Medicaid, public housing).
- (6) First generation in family to attend college

*or*



- comes from a family with an annual income below a level based on low-income thresholds according to family size published by the U.S. Bureau of the Census, adjusted annually for changes in the Consumer Price Index, and adjusted by the Secretary of Health and Human Services for adaptation to this program (Part 2).

The Department of Health and Human Services publishes the requisite income levels in the *Federal Register* periodically. **Family income levels have increased from 130 percent to 200 percent of the Department’s poverty guidelines.**

### *Outcome-based Measures*

Schools must have recruitment and retention programs for students from disadvantaged backgrounds in place at the time of the first application for SDS funds. Standards will be determined as to which schools have complied with the requirement to be carrying out a program for recruiting and retaining students from disadvantaged backgrounds by using outcome-based measures that provide an indication of the success of the program. The existence of a recruitment and retention program for students from disadvantaged backgrounds does not, in itself, result in the eligibility of a school, if the school is unable to demonstrate that the program has achieved success, based on the number and/or percentage of disadvantaged students who are enrolled and graduated from the school. Note that funds awarded to a school under the SDS program may not be used to carry out the required activity. In addition, a school must continue to carry out the activity as long as the SDS program is in operation at the school.

The expected first graduating class data will be used in determining eligibility as mentioned above for newly established schools or programs which have full-time enrollments but do not yet have a graduating class for the specified reporting year.

The following pages contain more detailed information about these requirements.

Students from disadvantaged (environmentally and/or economically) backgrounds must comprise the following:

- 1) At least 10% of the total full-time enrollment of your program (e.g., dentistry, baccalaureate nursing) during the specified reporting year; and
- 2) At least 10% of the total graduates (who were full-time students) of your program during the specified reporting year.

Additionally, in order to be eligible to receive SDS funding, a school must have at least one economically disadvantaged student enrolled and graduated during the specified reporting year for the SDS Application.

*[Section 737(d)(1)(B) of the Public Health Service Act]*

### **FUNDING PRIORITIES FOR CERTAIN INSTITUTIONS**

Priority will be given to eligible schools based on:

- at least 50% of graduated students going into primary care
- percent of underrepresented minority students enrolled is above the national average for the discipline; and
- at least 10% of graduated students working in medically underserved communities(MUC)

Eligible schools that meet one or more funding priority/priorities receive extra point(s) resulting in larger award amounts. Award amounts are doubled for eligible schools meeting one priority (receive 1 point), tripled for meeting two priorities (receive 2 points), and quadrupled for meeting all three priorities (receive 3 points).

One point is given to schools that report at least 10% of graduates practicing in MUCs. priority point(s) given to schools for graduates practicing in MUCs is revised as follows:

- 10% to 29.99% = 1 point
- 30% to 49.99% = 1.5 points
- Over 50% = 2 points

*[Section 737(c) of the Public Health Service Act]*

### ***Graduated Students Going into Primary Care***

Primary Care fields are limited to Allopathic Medicine, Osteopathic Medicine, Dentistry, Graduate Nursing and Physician Assistants. Following are the Definitions of Primary Care:

- **Allopathic/Osteopathic Medicine**
  - Family Medicine
  - General Internal Medicine
  - General Pediatrics
  - Preventive Medicine
  - Osteopathic General Practice

Please note that OB/GYN is an unacceptable primary care residency/practice.

- **Dentistry:**
  - General Dentistry Practice
  - Pediatric Dentistry
  - Dental Public Health
- **Graduate Nursing:**
  - Midwifery
  - Nurse Practitioner
- **Physician Assistants**

- Non-Specialized Practice

For the above disciplines, a school or program may qualify for the primary care priority if at least 50 percent of its graduates from the specified year are practicing primary care.

### ***Underrepresented Minority Students***

Underrepresented minorities include any individual who is American Indian or Alaska Native, specific Asian populations, Black or African American, Hispanic or Latino, and Native Hawaiian or Other Pacific Islander. Definitions of these populations appear below:

- **American Indian or Alaska Native:** A person having origins in any of the original peoples of North America, and who maintains cultural identification through tribal affiliation or community recognition.
- **Underrepresented Asian:** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent other than Chinese, Filipino, Japanese, Korean, Asian Indian or Thai.
- **Black or African American:** A person having origins in any of the black racial groups of Africa.
- **Hispanic or Latino:** A person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin without regard to race.
- **Native Hawaiian or Other Pacific Islander:** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands..

For purposes of granting priority based on the proportion of underrepresented minority, the Secretary gives priority to any school for which underrepresented minority enrollment is above the national average for the discipline.

*[Section 737(b)(1) of the Public Health Service Act]*

### ***Graduates Working in Medically Underserved Communities***

"Underserved Areas" means any geographic area and/or population served by any of the following practice sites:

- Community Health Centers (section 330)
- Migrant Health Centers (section 329)
- Health Care for the Homeless Grantees (section 340)
- Public Housing Primary care Grantees (section 340A)
- Rural Health Clinics, federally designated (section 1861(aa)(2) of the Social Security Act)
- National Health Service Corps Sites, freestanding (section 333)
- Indian Health Service Sites (Pub. L. 93-638 for tribal operated sites and Pub.L. 94-437 for IHS operated sites)

- Federally Qualified Health Centers (section 1905(a) and (1) of the Social Security Act)
- Primary Medical Care, Mental Health, and Dental health Professional Shortage Areas (HPSAs)(designated under section 332)
- State or Local Health Departments (regardless of sponsor - for example, local health departments who are funded by the State would qualify)
- Ambulatory practice sites designated by State Governors as serving medically underserved communities
- Practices or facilities in which 50 percent or more of the patients are uninsured or Medicaid recipients.

In keeping with the Congressional intent that eligible entities should not be limited to formally designated HPSA's and populations serviced by Community Health Centers, Migrant Health Centers, or homeless health centers, the list of types of practice sites that can be claimed under Section 799 B(6) includes the following:

- Community Health Centers (CHC) (Section 330 of the PHS Act)
  - Migrant Health Centers (MHC) (Section 330(g) of the PHS Act)
  - Health Care for the Homeless Grantees (Section 330(h) of the PHS Act)
  - Public Housing Primary Care Grantees (Section 330(i) of the PHS Act)
  - Rural Health Clinics, federally designated (Section 1861(aa)(2) of the Social Security Act)
  - National Health Service Corps (NHSC) Sites (Section 333 of the PHS Act)
  - An outpatient health program or facility operated by a tribe or tribal organization under the Indian Self-Determination Act or by an urban Indian Organization receiving funds under Title V of the Indian Health Care Improvement Act (25 U.S.C. § 450 et seq. and 25 U.S.C. § 1601 et seq.)
  - Federally Qualified Health Centers (Section 1861(aa)(2) of the Social Security Act) Primary Medical Care Health Professional Shortage Areas (HPSAs) (Section 332 of the PHS Act)
  - Primary Medical Care Health Professional Shortage Areas (HPSAs) (Section 332 of the PHS Act)
  - Mental Health HPSAs
  - Dental HPSAs
  - Nursing Shortage Areas (Section 846 of the PHS Act)
  - State or Local Health Departments (regardless of sponsor – for example, local health departments who are funded by the state qualify).
  - Practices designated by State Governors as serving medically underserved communities

There is no website or database listing for MUCs. There is one for Health Professional Shortage Area (HPSA's). HPSA's are one of the practice sites considered a medically underserved community. The database for HPSA's is located at <http://hpsafind.hrsa.gov>.

The Secretary gives schools a priority in funding based on a proportion of graduates working in medically underserved communities during a specified year as outlined annually in the application instructions.

### *FUNDING PREFERENCES*

In the awarding of SDS funds, schools/programs must give **preference** to eligible disadvantaged students for whom the cost of attending an SDS school or program would constitute a **severe financial hardship**.

### *Section 2 INSTITUTIONAL APPLICATION FOR SDS FUNDS*

Applications and instructions for schools seeking to receive SDS funds are available through grants.gov. The SDS program is a formula grant. All eligible schools receive funding. The Division of Student Loans and Scholarships requires the applicant to submit an SDS annual application via the Electronic Handbook (EHBs).

### *INSTITUTIONAL REQUIREMENTS FOR COMPLETING THE APPLICATION FORM*

Any school applying for SDS funds must provide statistical information to show it meets the institutional eligibility criteria. If a school does not meet all the criteria, the Department of Health and Human Services will deny participation in the program. For example, the existence of a recruitment and retention program for students from disadvantaged backgrounds does not, in itself, result in the eligibility of a school, if the school is unable to demonstrate that the program has achieved success, based on the number and/or percentage of disadvantaged students who graduate from the school. Further, any school that does not provide the data required on the application to support its request for funds through the SDS program will not be considered eligible to obtain these funds.

### *TERMS AND CONDITIONS*

The SDS program is governed by the terms and conditions set forth in the application for funds, the Notice of Award, the *PHS Grants Administration Manual*, and in Title 45 CFR Part 74.

### *DESIGNATION OF INSTITUTIONAL CONTACT PERSON*

The program contact person is the individual who will be responsible for distributing DSLS program mailings to the appropriate offices and individuals within the institution

and will be responsible for ensuring the return of material. Any changes to the contact person must be made through the EHBs

### ***Section 3 AWARDS TO INSTITUTIONS***

#### ***DETERMINATION OF AMOUNTS***

Based on the school's application data, awards to eligible schools and programs will be calculated by comparing the weighted number of eligible students in each eligible school and program with the total weighted number of eligible students in all eligible schools and programs.

The Division of Student Loans and Scholarships (DSLS) is responsible for managing the SDS Program. All eligible applicants will receive funding. Schools meeting the funding priorities (one, two, three or a combination) will receive additional funds (see below for an award calculation description). Award calculations are based on the data provided in the school's application. SDS range of awards is from \$1,000 to \$ 650,000 per program.

The steps are as follows:

- (1) A base number is established which is the lesser of:  
Number of economically disadvantaged enrolled, or  
Number of economically disadvantaged graduated multiplied by length of program
- (2) The school's **base number** is multiplied by (1 point for eligibility plus the number of priority points received) to determine the school's **weight amount**.
- (3) The school's **weight amount** is divided by all schools' total weight amount to determine the **percentage** of the school's award.
- (4) **The percentage** of the SDS funds available to the school equals Schools' **potential award amount**.
- (5) If the potential award amount is less than the requested amount and no greater than \$650,000, the potential amount becomes the actual award amount. However, if the potential award amount exceeds the requested award amount up to \$650,000, the school will be awarded the requested amount.

#### ***NOTIFICATION OF AWARD***

The Department sends a Notice of Award to the contact person notifying the school of the amount of Federal funds awarded for the SDS program.

#### ***REPORTING REQUIREMENT***

Submit an annual Scholarship for Disadvantaged Students Performance Report (SDSPR). The SDSPR is within 45 days of the end of the budget period. The report is an accounting of expenditures under the project period that year. SDSPR reports must be submitted electronically through the EHBs.

Also required, submit a Federal **Financial Report (SF-425)**. A financial report is required within 90 days of the end of the budget period. The report is an accounting of expenditures under the project that year. Financial reports must be submitted electronically through EHBs. More specific information will be included in the Notice of Award.

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## **Chapter 3 STUDENT AWARDS**

### ***Section 1 STUDENT ELIGIBILITY CRITERIA***

Institutions must be sure that students who receive SDS scholarships meet the set eligibility requirements specified in statute and in regulations. A description of the eligibility requirements follows.

#### ***CITIZENSHIP STATUS***

A student applicant must be a citizen or national of the United States, or a lawful permanent resident of the United States, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa or the Trust Territory of the Pacific. A student who remains in this country on a student or visitor's visa is not eligible.

#### ***ENROLLMENT STATUS***

Students must be enrolled full-time in programs leading to the following degrees in order to be eligible for SDS funds:

- doctor of allopathic medicine;
- doctor of osteopathic medicine;
- doctor of dentistry;
- doctor of veterinary medicine;
- doctor of optometry;
- doctor of podiatric medicine;
- doctor of chiropractic;
- bachelor or graduate degree in pharmacy;
- graduate degree in public health;
- bachelor or graduate degree in allied health (i.e., dental hygiene, medical laboratory technology, occupational therapy, physical therapy, and radiologic technology, speech pathology, audiology, registered dieticians);
- graduate degree in behavioral and mental health practice--clinical psychology, clinical social work, professional counseling, and marriage and family therapy;
- associate, baccalaureate, or graduate degree in physician assistants; and

- associate, diploma, baccalaureate or graduate degree in nursing

*[Sections 737(d)(1)(A) of the Public Health Service Act]*

### **DISADVANTAGED STATUS**

Any student who receives SDS funds must come from a disadvantaged background.

An individual from a disadvantaged background is defined as someone who:

- comes from an environment that has inhibited the individual from obtaining the knowledge, skill and abilities required to enroll in and graduate from a health professions or nursing school (Part 1);

Environmentally disadvantaged (Part 1):

The Department expects that eligible students who meet these criteria will

- (1) Have the abilities needed to succeed in a health career, but come from backgrounds and educational environments that have made it difficult for them to reach and fully demonstrate their academic potential; and
- (2) Are more likely than other students to provide care to underserved areas and populations following completion of their degree.

***Examples (Please note: Schools are not limited to only these examples):***

- (1) The individual graduated from (or last attended) a high school with low SAT score based on most recent data available:
- (2) The individual graduated from (or last attended) a high school from which, based on most recent data available:
  - (a) low percentage of seniors receive a high school diploma; or
  - (b) low percentage of graduates go to college during the first year after graduation.
- (3) The individual graduated from (or last attended) a high school with low per capita funding.
- (4) The individual graduated from (or last attended) a high school at which, based on most recent data available, many of the enrolled students are eligible for free or reduced price lunches.
- (5) The individual comes from a family that receives public assistance (e.g., Aid to Families with Dependent Children, food stamps, Medicaid, public housing).
- (6) First generation in family to attend college

*or*

- comes from a family with an annual income below a level based on low-income thresholds according to family size published by the U.S. Bureau of the Census,



adjusted annually for changes in the Consumer Price Index, and adjusted by the Secretary of Health and Human Services for adaptation to this program (Part 2).

The Department of Health and Human Services publishes the requisite income levels in the *Federal Register* periodically. **Family income levels have increased from 130 percent to 200 percent of the Department's poverty guidelines.**

*[Section 737(c)(1) of the Public Health Service Act]*

### *FINANCIAL NEED*

The student must be in need of financial assistance in order to pursue the full-time course of study at the health professions or nursing school in which he or she is enrolled or accepted for enrollment. The law specifically states that schools are to give preference to students for whom the cost of attendance would constitute a severe hardship.

In determining financial need for potential SDS recipients, the school must take into consideration the:

- financial resources available to the student; and
- costs reasonably necessary for the student's attendance at the school.

*[Section 737(c)(2) of the Public Health Service Act]*

### *General Requirements for Calculating Financial Need*

**HEALTH PROFESSIONS** schools participating in the SDS program must:

- use the expected family contribution calculated from the need analysis formulas legislated under the Higher Education Act of 1965, as amended;
- The parental income will be used to determine a student's eligibility for economically disadvantaged in all cases except in those cases where the student is considered independent by being at least 24 years old and has not been listed as a dependent on his or her parents' income tax for 3 or more years. In those cases, the students' family income will be used instead of parental family
- Documentation must be provided to the school for age and independent status. Schools may use whichever documentation they choose, such as the students' last three years income tax or the parents' last three years income taxes or other sources of proof of independency. For proof of age, some examples are, a drivers' license, birth certificate, or passport. However, the school will be held accountable for the accuracy of the students' independent status.
- If a student is at least 24 years old, and cannot prove independent status then he or she would be considered dependent and schools should use the parental income for economically disadvantaged.
- consider estimated resources and other financial aid.

The information collected by the institution to make an assessment of a student's need for SDS funds must be extensive enough to include student's, spouse's and parents' current income, assets and other resources such as trust funds or support from other family members.

### ***Cost of Attendance***

Developing student budgets requires careful identification of reasonable costs necessary for the student's attendance at the school, including any special needs or obligations of each student or costs common to particular groups of students. The school must develop student budgets which treat students within groups consistently, but are sensitive to individual circumstances. Schools must be able to document the various student budgets used in determining financial need. Using the Title IV requirements for developing costs of attendance is an appropriate approach for administering SDS funds.

The Department of Health and Human Services recognizes that from time to time an individual student's budget may deviate from the standard cost of attendance because of unusual circumstances. Financial aid administrators should use their authority to make changes to the standard student budget judiciously. Further, the school must carefully document all such changes.

*[Section 737(d) of the Public Health Service Act]*

### ***Section 2 AMOUNT OF AWARD***

In the awarding of SDS funds, the schools or programs give preference to eligible disadvantaged students for whom the cost of attending an SDS school or program would constitute a severe financial hardship.

There is no statutory or regulatory dollar amount cap on SDS awards to eligible disadvantaged students. However, schools must use allocated SDS funds to make awards for all or part of a student's total budget in a manner that will best meet its eligible students' needs. In addition, they must offer SDS funds to eligible students in the order of greatest need.

Although there is no absolute cap on any individual SDS award, the amount may not exceed a recipient's cost of tuition expenses, other reasonable educational expenses and reasonable living expenses as designated by the institution. More detailed information on constructing institutional standard student budgets appears in the previous section. Schools also may not award SDS funds to a student that exceeds that student's financial need.

*[Section 737(b) and 740(d)(2)(B) of the Public Health Service Act]*

### ***Section 3 DISBURSEMENT OF SDS FUNDS TO STUDENTS***

There are no explicit requirements for disbursing SDS funds to eligible students who have been designated as scholarship recipients. However, requirements for other programs and good practice strongly suggest that funds should not be disbursed in one lump sum. Instead, awards that are earmarked to pay for tuition should be disbursed at the beginning of each period within the academic year (e.g. semester, trimester, quarter).

Disbursing funds in logical increments throughout the academic and calendar years helps students budget their resources. In addition, this approach protects the institution in case an SDS recipient drops below full-time student status; institutions must return SDS funds to the Department of Health and Human Services when a recipient is no longer a full-time student or ceases to be a student in good standing due to academic failure, disability or death. Note that an institution does not have to return these "recovered" funds if the institution is able to award the money to another student who meets all the eligibility requirements.

### ***Section 4 VERIFICATION OF STUDENT INFORMATION***

Statute governing the SDS program does not specify requirements for verifying student information. However, good practice dictates that institutions should verify student information using the same procedures used for other programs. Methods for verification are suggested--not mandated--and include:

- Federal income tax returns; and
- other documentation that the school deems necessary.

Institutions may wish to consider using the Department of Education verification requirements for the SDS program. Note that the Department of Education does not use its verification edits on parental information for applicants who are independent according to the definition in the Higher Education Act, as amended. As a result, schools may use their own criteria for selecting SDS applicants for verification in conjunction with applying Department of Education verification procedures.

Financial aid administrators should also consider applying the same verification requirements to the SDS program that are mandated under the Higher Education Act for the Title IV programs administered by the Department of Education.

### ***Section 5 AWARD LETTERS***

Statute and regulations governing the SDS program do not specify requirements for award letters to students. Once again, good practice supports providing written notification of awards from any source--including SDS--to students. The Department of Health and Human Services urges institutions to provide students with award letters that also include the cost of attendance and family contribution figures used to determine financial need along with an itemization of resources and financial aid programs.

## ***Section 6 CHANGES IN STUDENTS' FINANCIAL NEED***

SDS awards may not exceed the financial need of the student or the cost of attendance. This does not prohibit financial aid administrators from making adjustments to the cost of attendance or expected family contribution figures to more accurately reflect an individual student's financial circumstances. However, financial aid administrators must be judicious in their exercise of professional discretion in these instances. Further, they must carefully document all such changes.

The student must be in need of financial assistance in order to pursue the full-time course of study at the health professions school in which he or she is enrolled or accepted for enrollment. In determining financial need, the school must take into consideration the:

- financial resources available to the student; and
- costs reasonably necessary for the student's attendance at the school.

*[Section 737(d) of the Public Health Service Act]*

## ***Section 7 STUDENT RECORDS***

Institutions must maintain student records as needed for audit purposes. Good practice suggests that these records contain the same types of information that are maintained for the other health professions and nursing programs. For example, institutions should consider keeping the following information about each SDS recipient:

- student's application;
- documentation showing the basis for approving or disapproving students' applications for SDS funds, including total need analysis and determination of resources; and
- the amount of SDS scholarship given to each recipient.

No requirement stipulates that these records should be maintained in files that are safeguarded against fire, theft and tampering. However, good practice again strongly supports institutional efforts to keep SDS records--as well as all student records--in files that resist damage from various sources.

The Department of Health and Human Services permits institutions to maintain their records in a variety of formats at the option of the school. Record keeping formats include:

- computer;
- electronic;
- microfiche;
- microfilm; or

- paper.

#### **Chapter 4 OTHER ADMINISTRATIVE AND FISCAL RESPONSIBILITIES**

Institutional responsibilities for the SDS program is considerable. These responsibilities are often shared between the school's financial aid administrator and the fiscal officer. Therefore, readers are urged to review *Fiscal Management* for information on accounting requirements, cash management requirements, program monitoring and audits.